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CENTRAL INTELLIGENCE AGENCY 25X1

INFORMATION REPORT

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COUNTRY Czechoslovakia

DATE DISTR. 29 Dec 1951

SUBJECT Trade with Latin America

NO. OF PAGES 6

25X1

PLACE ACQUIRED

NO. OF ENCLS.
(LISTED BELOW)

DATE ACQUIRED

SUPPLEMENT TO
REPORT NO.

DATE OF INFORMATION

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1. Commodities of particular interest to Czechoslovakia in its trade with Latin America include cotton, copper, lead, industrial diamonds (smuggled from Brazil), coffee, cocoa beans, sisal, henequen and hides. Sisal from Brazil is of particular importance, as it is needed for binding crops. Henequen is important for the same purpose, but is less desirable. Hides are still imported, but are apparently of decreasing importance in Czechoslovakia's foreign trade. The following figures indicate raw materials which Czechoslovakia received from Latin America during 1950:

<u>Commodity</u>	<u>Volume in US \$</u>
Cotton	2,000,000
Hides	20,000,000
Copper Ingots (from US via trans-shipment)	?
Sisal	1,000,000
Wax	1,000,000
Coffee	5,000,000
Cocoa Butter	2,500,000
Tanning Material	6,000,000
Special Woods for Musical Instruments	200,000

2. The volume of Czechoslovakia's trade with Latin America is constantly on the downgrade and can [] be expected to diminish further. The CSR can buy in Argentina, Brazil and Uruguay, and these are the main sources of her raw material purchases in Latin America, only if she creates her own balance of credit through deliveries of her own. But

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since the governments of these South American countries are quite reluctant to permit imports, trade is falling off steadily. This is particularly true of trade with Argentina because Czechoslovakia has cut her import of raw hides sharply since 1950. Financial accounts outstanding [redacted]

25X1 [redacted] in March 1951 were (figures are
25X1 approximate):

Owed by Czechoslovakia	to Argentina	US \$15,000,000
	to Brazil	8,000,000
	to Mexico	1,000,000

Owed to Czechoslovakia by Ecuador 300,000
for military equipment purchased in 1938.

The 1951 plan for Czechoslovak trade with Latin America was as follows:

<u>Country</u>	<u>Volume in US \$</u>
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Argentina	8,000,000 each way
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Czech Imports:

Hides	6,000,000
Quebracho	1,000,000
Feed meal	500,000
Wool	500,000

Exports: sewing machines, typewriters, small amount of glass products, cement, tiles, automobiles, paper products, small amount of textiles, bicycles, and minimum amounts of steel construction shapes.

Firms appearing in trade:

IAPI - Argentine Government monopoly

Swift & Co - Hides

Bunge & Born - Feed Meal

Cofa - General exports

Brazil

10,000,000 each way
(may subsequently have been raised)

Czech Imports:

Cotton	75%
Coffee	}
Cocoa Beans	
Sisal	

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Czech Exports: same as to Argentina, plus chemicals

Firms engaged in trade:

Kettelhorn - Hides

Polak, Anton (Czech)

Israel, Leon - Coffee

Venezuela Exports to Venezuela-2,000,000

Imports from Venezuela-200,000

Czech Imports: cocoa beans, coffee

Czech Exports: military equipment, tires, textiles, shoes and some machinery, consumers' goods

Mexico 2,000,000 each way,
 plus additional
 Czech exports to
 clear up debt
 (US\$1,000,000).
 The obligation is
 being fulfilled only
 about 50%.

Czech Imports: henequen, wax, coffee, lead, and zinc (minimum quantities). No copper shipped.

Czech Exports: Same as to Argentina

Uruguay 500,000 each way,
 to be raised to
 1,000,000 if Czechoslovakia gets wool

Czech Imports: Feed meal, hides and possibly wool

Czech Exports: Same as to Argentina

Peru 200,000 each way

Czech Imports: mainly flax

Czech Exports: Same as to Argentina

Colombia & Ecuador

Czech Exports: 400,000 - Very few imports

Chile 50-100,000 each way

Wine exchanged for Czech glass. All trade is through compensation deals.

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Paraguay

100,000 each way

Czech Imports: quebracho, leather, tobacco,
vegetable oils (not linseed)

Czech Exports: light industry products

Guatemala

Czech Imports: only coffee

Czech Exports: 200,000

Details concerning trade with individual Latin American countries is contained in the following paragraphs.

3. In 1948 Czechoslovakia and Argentina concluded a commercial agreement listing goods for trade. As indicated above, at the end of 1950, the clearing bill showed a credit for Argentina. In the years immediately after World War II, trade between the two countries was vigorous, but it started to slow down in 1949. The primary reason for the slowdown was Argentina's reluctance to grant import permits for Czech goods. It will be interesting to see how things develop after 31 Dec 51, the date on which Czechoslovakia is supposed to have paid its debt either in gold or equivalent values. It should be expected, since it is hardly possible that Czechoslovakia would pay according to contract, that Argentina will have to allow a greater import of Czech goods as payment. This would have to consist of "small" goods, however, since a Prague directive of Summer 1950 prohibits shipment to the West of first priority goods unless the exchange value is of extreme importance. Directives in effect in Summer 1950 did not accord Argentina favored treatment in delivery of industrial equipment. [redacted] despite the drop-off in hide shipments mentioned above, Czechoslovak-Argentina trade has increased during recent months. [redacted] never heard, however, that the USSR has directed Argentine Communists to desist from agitating against the Argentina Government because of Argentina's value as a raw materials supplier. [redacted]

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5. There is no trade agreement between Czechoslovakia and Uruguay, business in recent years having been on the basis of individual agreements between banks, within the limits of credit set by both national banks. The last banking agreement of 1948 should have been extended for 1949 and 1950. This was not done, however, and at the end of 1950, the remaining exchange of goods arranged in accordance with the 1948 agreement was still on the way. Czechoslovakia was not in debt at the end of 1950 since the banking transactions had to be kept even. Uruguay ships mostly wool and fats, whereas

25X1 Czechoslovakia exports more or less the same items that she does to Argentina. Czechoslovakia has received some wool

25X1 (mainly TOPS) since January 1950

25X1 Shipment was direct

6. The sluggish exchange between Czechoslovakia and Chile is explained by the interruption of diplomatic relations about four years ago. Since that time only small business transactions have taken place. In 1949, Chilean wine was exchanged for costume jewelry. Chilean copper shipments to Czechoslovakia in 1950 were made through a European country.

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25X1 The quality was 98% wire bars

25X1 (pallanquillas).

25X1 In Fall 1950, the firm CHIPRAG of Santiago attempted to deliver copper to the CSR, but its representative got only as far as Vienna.

25X1 The Santiago firm, Joblinsky & Kobler, is especially interested in extending Czech-Chilean trade; the Czech Government is assisting the firm in its efforts and also receives from it political information.

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7. There are no Czech trade agreements with Bolivia and Peru and almost no trade. In the summer and fall of 1949, there was talk of giving mining equipment to Bolivia in return for non-ferrous alloys. The negotiations came to nought at that time because the CSR could not accede to the wishes of the Bolivians. It should be noted that in case the Czech shortage of those nonferrous alloys, produced in Bolivia and Peru should become so great that the political leaders (after consulting Moscow) should consent to making essential deliveries to Bolivia or Peru, one could assume that an agreement might be reached.

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25X1 Trade with Peru has been only in pounds and Peru has delivered mostly flax.

8. Venezuela and Czechoslovakia have no trade agreement. Prior to 1950 there was some sort of "modus vivendi" granting each other the highest possible advantages. On the initiative of the Venezuelan Government, the validity of the arrangement was abolished in 1951. Czechoslovakia is understandably interested in Venezuelan trade because of the dollars involved and the turnover in 1949 and 1950 was quite large, about 90% of the trade going from Czechoslovakia to Venezuela.

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9. A 1948-49 agreement between Mexico and Czechoslovakia contained an unlimited list of goods. By the end of 1950, Czechoslovakia had a considerable debt to Mexico; the sum has not changed, as the Czech National Bank accepts free dollars for goods sent abroad and the Mexican National Bank has no means of persuading the independent business men to pay through the final clearing bill. The yearly turnover is not significant: Mexico recently has exported only small quantities of vegetables, wax and other very small items; and Czech delivery is limited to such traditional light industry items as cars, glass and costume jewelry.
10. There are trade agreements between Czechoslovakia and Colombia, Ecuador and the Central American republics; trade is very weak, though Czechoslovakia should be interested in gaining these markets.
11. Czechoslovakia has no trade agreement with Paraguay and business is through compensation deals.
12. Shipment to and from Latin American countries was in Polish ships wherever possible, and otherwise by cheapest carrier. The Brazilian agreement provides for the use of Brazilian vessels for exports, but the agreement is not closely followed in this respect.

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